



informational

Bulletin

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Withholding Tax Rate Changes

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

This bulletin summarizes the rate change for employers, payroll service providers, software developers, and those that pay gambling and lottery winnings.

You must now immediately adjust withholding tax rates.

The Illinois Income Tax rate for individuals has increased from 3 percent to 5 percent, effective January 1, 2011.

The new rate of withholding applies to

- employee compensation (*i.e.*, wages and salaries) paid in Illinois,
- unemployment paid to an Illinois resident who has asked to have Illinois taxes withheld, and
- gambling or lottery winnings in Illinois paid to an Illinois resident.

Booklet IL-700-T, Illinois Withholding Tax Tables, has been updated and is available on our web site.

If you use an automated payroll method to figure your withholding, use the following formula:

$$.05 \times \left(\text{Wages} - \left(\frac{(\text{IL-W-4, Line 1 allowances} \times \$2,000) + (\text{IL-W-4, Line 2 allowances} \times \$1,000)}{\text{number of pay periods in a year}} \right) \right)$$

For information or forms

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tax.illinois.gov

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Forms Order Line at:
1 800 356-6302

Call us at:
**1 800 732-8866 or
217 782-3336**

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(telecommunications device
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